

tions and therefore should be left out of the discussion, except for one fact, which will be taken up later.

Since in the nature of the case we are unable to put the acid test of Character to the application, we should, if we are to follow established procedure, ask for collateral security. What can Mr. Stalin put up to secure the American taxpayer, the real lender, against the possible loss of six billions? Upon examination we find that the State is possessed of nothing but "eminent domain," and this turns out to be power over people occupying a given area of the earth's surface. There is only one way to pawn this power. It would be necessary for Joe to move his divisions out of a part of Russia, say the Ukraine, and permit ours to move in, our soldiers would then exercise "eminent domain" by collecting rent and taxes from the occupying Russians. This is standard practice; we did it in Nicaragua and in Haiti. However, seeing how Joe fought the Germans who marched in on his "eminent domain" we doubt whether he would consider hooking any part of it. He might even resent the suggestion, and why should we hurt his feelings?

The application cannot be checked on the basis of Character or of collateral security. How about Capacity? What this means is this: does the borrower know his business, and does his record show an ability to so use the loan that his business will flourish the better for it? Here again our standard of measurement is inapplicable. What productive enterprise is or can the State be engaged in? By its very nature its business is limited to the exercise of political coercion. We would be very foolish to let Joe have our hard-earned money for the purpose of building up his martial machine, not only because he might use it against us when we insisted upon repayment, but more so because that is sheer waste; it is like making a loan to an inveterate drunkard.

If it is said that our loan will stake Ivan Ivanovich—the 180,000,000 of him—to a new start in life, and that Ivan is a good, honest worker who would not let his name be besmirched by bankruptcy, we must ask how this Ivan proposes to repay. To which Joe replies: with taxes which, you may be sure, I will yank out of him. There is no question of Joe's Capacity along these lines. But what can we do with these rubles? Only one thing; we can cash them in for Ivan's production. However, when we try to haul in this production we find our way barred by our own Protective Tariff Wall. As this self-made barrier prevents us from getting back our property, the loan is automatically turned into a gift at the very start. We had that experience with the loans made during World War I.

We can dispense with consideration of the borrower's Capital. The purpose of Capital is to aid in the production of goods and services and with this, as we have seen, the State has simply nothing to do. When it decides to engage in an undertaking for which money is needed it enacts an authorization for its collectors to swoop down on the citizenry and pick up their possessions. What would it need Capital for? Therefore, to ask need Capital for? Therefore, to ask Mr. Stalin how much of Russian Capital he is investing in the venture towards the success of which he needs an additional six billions would be silly.

It would seem from this analysis that the ordinary rules of credit-checking do not apply in an application for a loan from one State to another. Are there any rules that do?

### Let's Try Capitalism

ANALYSIS

BABIES born out of wedlock—the original custom—did not acquire a secondary position in social life until the right of inheritance loomed large. Just as the offspring of promiscuous quadrupeds are not estopped by the accident of birth from winning championships, so bastards, even as late as the eighteenth century, could attain positions of prominence. The odium came upon the descriptive word by way of profit.

That is a way with words. When someone has an end to gain, a purpose to pursue, he attaches a moral connotation to some altogether descriptive symbol; its original meaning is lost in the emotional coloring which, by usage, becomes its definition. Take the word capital or, particularly, its derivatives, capitalist and capitalism. Before Karl Marx hooked on to it the morally-loaded idea of exploitation, capital described an accumulation of wealth. It was a thing, utterly amoral. It was not a man or a class of men. It was a herd of cattle, an axe, a stock of goods or gold, a house, a machine or store fixtures. The word was used to differentiate wealth which satisfied the immediate needs of the owner from wealth he set aside for further production. The shoes which the cobbler offered for sale constituted his capital, while the shoes he wore were not in that category. His anvil was the blacksmith's capital, but not the nails he used to fix his wife's cupboard. When a man spoke of his capital he referred to the surplus he had accumulated for the purpose of increasing his output. That was all it was. That is all it is today.

The germ of capital is man's capacity for taking thought. The fellow who domesticated the wild animal was a simon-pure capitalist. He put himself to that trouble in order to profit by an abundance of milk, or to reduce the labor of hauling firewood. The one who first made use of the wheel was the arch-capitalist of all time, for he fathered mankind's most important labor-saving device. A capitalist was he who observed nature's fecundity at certain times of the year and, recalling the unpleasantness of scarcity, thought up the principle of storage. Nor can we overlook the first trader, the man who learned that he could better his lot by giving up some of his abundance to obtain possession of what he lacked; thus arose the cooperative system known as the marketplace.

We cannot know when capitalism began, but we can be sure it is rooted in the gift of reason which identifies *homo sapiens*. Therefore, it is probably as old as man. Let us say it began when the first human being went in for "overtime" work. Aiming to short-cut the irksomeness of labor, or seeking to better his enjoyment of life, he put in effort over and above that required for his immediate necessities in making devices which would lighten tomorrow's chores or yield him an increased output for the same exertion. He stored up labor in what he called capital, with the intent of bettering his circumstances. Anything immoral in that?

Marxist usage has twisted this human tendency to save for increased enjoyment, for delayed and greater consumption, into something reprehensible. This it accomplished not only by the misuse of words but more so by unscientific inference. Observing the prevalence of poverty when capital came into great use, Marx made the ready inference of cause and effect. The enigmas of accumulations and destitution existing concurrently had to be explained, and what was more obvious than that the cause for accumulating was the

cause for the destitution? It was easy to infer that the instrument by which labor increased its output is the instrument by which labor is deprived of its output. Capital, then, is exploitative. The plausibility, by providing a culprit, fitted in with the bitterness which involuntary poverty induces. Something definite, visible could be blamed and hated.

The purpose served by this perversion of words was to prove a hypothetical notion—namely, that socialism is inevitable. It is predestined in a theory of history. According to this theory, the story of man is a succession of "modes of production." Each mode results in a conflict between the haves and have-nots; the conflict is resolved by a new mode. The machinery-mode is capitalism, and the conflict is between those who own capital and those who do not. Out of the conflict between these two will come socialism, the final mode, in which there will be no conflict; that is, the millennium.

Capitalism was not a "new" mode of production, as the Marxist thesis contends. The use and ownership of capital, as has been noted, began when man first learned how to employ means toward ends; it is a mode of production indigenous to man and will continue to be his method of getting along until he ceases to be man.

Furthermore, poverty prevailed long before machinery (and trade) came into great use, and exploitation, which is the robbery of the producer's products, was common practice long before the Marxist "discovery." What is the essence of slavery, a very ancient institution, but the exploitation of labor? Ages before the invention of the steam engine, which to Marx definitely dated the advent of pure capitalism, the custom of collecting tribute for permission to work on land had been in use. And since earliest times armed hands collected tolls on controlled highways. Exploitation, as Marx himself finally saw, antedates by untold centuries the widespread use and private ownership of "the means of production and distribution." The associa-

tion of exploitation with capitalism was gratuitous and unfounded in fact. It was done by legerdemain in logic, by giving descriptive words moral values, by appealing to passion rather than thought—and all for the purpose of proving an historical theory.

In the final, predestined mode of production there will be no conflict because by substituting public for private ownership of capital its exploitative power will vanish. Here again words are used to confuse thought and moralisms are used to obscure facts. What is "public" ownership? Is it not in practice the control of property by persons wielding political authority? If capital has the capacity for exploitation cannot these persons use it to better themselves at the expense of others? What warrant have we that a political person is more moral than a private person or is, in fact, a different kind of person? Is man in the mass—the "public"—transformed into an all-wise, all-good being? That is the ethical thought which socialism implies in its defamation of capitalism. The evil of it is transmitted into good by a mere transference of title from private to political persons. What could be simpler—or more appealing to the exploited? Let's steal from the thieves and stop thievery.

Socialists, however, have not been alone in this befuddlement of language; they have had some powerful, though *sub rosa*, confederates. As might be expected, the confederates took to the socialist jargon because it suited a purpose of their own, which happens to be—exploitation. When we define exploitation as any means of robbing labor of its products we can see how non-socialists find socialist usage convenient; it diverts the attention of the robbed from the real culprits. Now robbery involves the use of sufficient coercive power to overcome resistance. The quiescence of coercive power is vested in the State. It follows that every kind of effective and continuing exploitation must in some way make use of that power; occasional illegal robbery does not count in the long run because it cannot compete with the State. The exercise of State power is regularized by the

law, acquiescence to which becomes habitual by the common inclination to let things be. Thus, exploitation in the final analysis is legalized robbery, and the exploiters are those who gain control of the power vested in the State.

These are the allies of socialism. Like Bismarck, the wily aristocrat who recognized in socialism an instrument useful to his purpose, the fellows who profit by use of State-power are strong for any increase of it. Since they are not essentially owners and operators of capital, although that may be a side-line with them, the safeguard provided by socialist usage has proven quite convenient.

In the first instance, the gang who live on taxes are by trade the vanguard of socialism. How can they suffer by the proposed transfer of title into their hands? Then there are those who by virtue of legalized deeds hold possession of natural resources and are thus in position to demand tribute from laborers for life without access to land is impossible. Since what they own is not capital they can well go along with the socialists. Those who profit by monopolies or subsidies of one sort or another, are to that extent in favor of the centralized power. State-capitalism, whatever it may do to them ultimately, is in line with their present interests. When we see how during the last fifty years the growing acceptance of socialist usage has kept pace with an increase in the emoluments of those who profit by privilege, it is easy to understand why capital and its derivatives have fallen into disrepute.

True capitalism—the undisturbed ownership and use of capital—has never been man's lot. For never, except among primitive peoples, whose employment of capital is extremely limited, has the human race been free of the political means of acquiring economic goods. We ought to try out capitalism and see how it works. As a preliminary step, we should rid our minds (and our schools) of its Marxist bastardization.

#### The Tax Germ

One historian (A. L. Morton, in "A People's History of England") traces the origin of taxation in England to the Danish invasions of the tenth century. Discarding the plunder-and-conquest methods of earlier invaders—Romans, Angles, Saxons and Jutes—the Danes took to a smart ransom technique; after harrying the populace they would demand tribute as the condition for withdrawal. These financial visitations reached their height under Canute who in 1018 extorted a Danegeld, as it was called, of £2,500 pounds. "From this Danegeld," writes Morton, "grew the first regular taxation. Under Canute and the Norman kings it was levied regularly, and it became the basis of a property tax that was an important part of the budget of all kings until the Stuart period." It still is.

### analysis

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#### ONE YEAR OLD THIS MONTH

MY friend Albert Jay Nock wrote somewhere that you cannot teach a person anything which in a true sense that person did not already know. This puts in paradoxical form the truth that unless the student has a predilection and capacity for learning the teaching must be ineffective.

I recognized this when I started *analysis* a year ago this month. I told my friends who helped me that this paper would not attempt to teach individualism; it would attempt to find individualists. During the years I have devoted to preaching the doctrine of human dignity, as against the corruptive and corrosive character of the State, I learned that very few people have any inclination toward that doctrine. Many there are who memorize and repeat the words of freedom, but to whom, either because of their apperception or innate incapacity, the meaning of the words never penetrate; so that at the very first test their souls fly to the fetal security of State-slavery. Individualism is a matter of character, and in that field education is helpless.

That during the first twelve months *analysis* has been able to locate some 2,300 individualists is an achievement for which the readers should be proud, for to the success of an effort of this kind the cooperation of all kindred spirits is necessary, and I have been happily surprised by the quality and quantity of assistance that has come. In addition to the purchase of subscriptions by subscribers, the distribution of sample copies and circular matter by readers, the contributions of money, there was the invaluable help of proofreading, keeping the files in shape, addressing circulars, handling the books and a baker's dozen of detail jobs with which no one man could have coped alone.

There are many more of the "remnant" in the woods. I am sure that you readers will continue to ferret them out and add their names to the roster. Am I too sanguine in hoping that *analysis* will reach 5,000 before its second birthday?